

Message Text

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ACTION EUR-12

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INFO AMEMBASSY DAMASCUS
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TAGS: PARM, MASS, MPOL, NATO, FR, GW, SY
SUBJECT: FRG-FRENCH HOT AND MILAN ANTI-TANK
MISSILE SALES TO SYRIA

REFERENCE: BONN 4042 DTG 061903Z MAR 78

1. THE VOLUME 11, NO. 3/1978, EDITION OF THE INTER-
NATIONAL DEFENSE REVIEW UNDER THE HEADING "DEFENSE
INDUSTRY NEWS" PUBLISHED THE FOLLOWING ARTICLE CONCERNING
THE SALE OF HOT AND MILAN ANTI-TANK MISSILES TO SYRIA:

BEGIN QUOTE:

EUROMISSILE SALE TO SYRIA: REPORTS HAVE APPEARED
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IN THE GERMAN PRESS CONCERNING A MAJOR ARMS DEAL INVOLV-
ING THE FRANCO-GERMAN PARIS-BASED EUROMISSILE CONSORTIUM
AND SYRIA. THE CONTRACT, THE VALUE OF WHICH IS SAID
TO BE \$240 MILLION, IS BY FAR THE LARGEST PLACED IN THE
WEST BY SYRIA WHICH FOR YEARS HAS BEEN ALMOST SOLELY
DEPENDENT ON THE SOVIET UNION FOR SUPPLIES. THE DEAL
IS SAID TO COVER A RANGE OF EQUIPMENT, THE MOST NOTABLE

OF WHICH ARE THE HOT AND MILAN ANTI-TANK MISSILES. BOTH OF THESE MISSILES ARE CO-DEVELOPED AND ARE MANUFACTURED BY MBB (GERMANY) AND AEROSPATIALE (FRANCE).

THE DEAL COULD HAVE CONSIDERABLE REPERCUSSIONS IN GERMANY BECAUSE OF THE GERMAN GOVERNMENT'S COMPLETE BAN ON THE EXPORTS OF ARMS TO "AREAS OF TENSION" AND IT CAN BE EXPECTED THAT THE GOVERNMENT WILL COME UNDER SHARP ATTACK FROM SOME PARLIAMENTARIANS.

ACCORDING TO THE REPORTS, THE MAIN CONTRACT WAS SIGNED IN AUGUST LAST YEAR, AS WERE A NUMBER OF SUPPLEMENTARY CONTRACTS. ORIGINALLY IT WAS PLANNED THAT SYRIA WOULD PAY 30 PERCENT DOWN AND WOULD TAKE A LOAN FOR THE REMAINDER WITH THE PAYMENTS BEING MADE OVER THE DELIVERY PERIOD OF 30 MONTHS. A CONSORTIUM OF THREE GERMAN BANKS WAS PREPARED TO GUARANTEE THE LOAN. LATER, HOWEVER, SYRIA OFFERED CASH PAYMENTS IN FULL ON SIGNATURE OF THE CONTRACT, ON CONDITION THAT EUROMISSILE AGREED TO SPEED UP DELIVERIES. IT WAS ON THIS BASIS THAT THE CONTRACT WAS SIGNED.

QUESTIONED ABOUT THE CONTRACT, AN MBB SPOKESMAN POINTED OUT THAT: MBB DOES NOT DELIVER COMPLETE MISSILES, ONLY COMPONENTS AND THESE ONLY TO FRANCE WHERE FINAL ASSEMBLY TAKES PLACE; THE EXPORTER IS LIMITED OFFICIAL USE

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EUROMISSILE IN PARIS AND, IN SOME CASES THE FRENCH GOVERNMENT; MBB CONFORMS TO THE REQUIREMENTS OF THE GERMAN LAW; EUROMISSILE EXPORTS UNDER FRENCH LAW WHICH MAY DIFFER FROM GERMAN LAW. HE NEITHER CONFIRMED NOR DENIED THAT AEROSPATIALE WOULD RECEIVE FFR.530 MILLION FROM THE DEAL AND MBB DM215 MILLION. FOR ITS PART, THE FRENCH GOVERNMENT PLACES NO RESTRICTIONS ON ARMS EXPORTS. END QUOTE.
STOESSEL

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